

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 36 – HB 244

March 2, 2015

SUMMARY OF ORIGINAL BILL: Excludes from the definition of “business” for sales and use tax purposes sales that a community foundation makes in lieu of two semiannual temporary sales periods, provided that in any calendar year the sales shall take place during no more than one auction, lasting up to 48 hours, in each county designated to receive charitable support from a fund or trust that comprises a component part of the community foundation.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (003576): Establishes that the exempt community foundation sales shall take place during no more than two auctions, lasting up to 24 hours, rather than one auction, lasting up to 48 hours, in any calendar year in each county.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Pursuant to the Department of Revenue Rule 1320-5-1-.09(4), irregular sales of tangible personal property or regular sales of tangible personal property made only during a temporary sales period (30 consecutive days or less) occurring on a semiannual or less frequent basis are casual and isolated sales not subject to the sales and use tax. If a person conducts more than two sales periods during a calendar year, all sales made by such person during that calendar year will be subject to the tax.
- The proposed legislation, as amended, would allow community foundations to, in lieu of two semiannual temporary sales periods statewide, conduct two annual sale in each county designated to receive charitable support from a fund or trust that comprises a component part of the community foundation. While this will result in a greater number of sales being conducted that will be exempt from the sales and use tax, the Department does not anticipate that there would be a substantial increase in the total sales levels by such foundations, due to the provision that restricts each sale to a single county.
- Further, based on the Department’s search of active sales tax accounts, it is estimated that current sales tax collections from sales conducted by community foundations are not significant.

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- As a result, any decrease to the state or local sales tax revenue and any amounts of forgone tax revenue are estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

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